

INGQUZA HILL LOCAL MUNICIPALITY

FINAL BUDGET
OF
INGQUZA HILL LOCAL MUNICIPALITY



2019/20 TO 2021/22
REVENUE AND EXPENDITURE FORECASTS

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Abbreviations and Acronyms

BPC	Budget Planning Committee		Programme
CFO	Chief Financial Officer	MIG	Municipal Infrastructure Grant
MM	Municipality Manager	MMC	Member of Mayoral Committee
CPI	Consumer Price Index	MPRA	Municipal Properties Rates Act
Dora	Division of Revenue Act	MSA	Municipal Systems Act
EE	Employment Equity	MTEF	Medium-term Expenditure Framework
EM	Executive Mayor	MTREF	Medium-term Revenue and Expenditure Framework
FBS	Free basic services	NGO	Non-Governmental organisations
GAMAP	Generally Accepted Municipal Accounting Practice	NKPIs	National Key Performance Indicators
GDP	Gross domestic product	OHS	Occupational Health and Safety
GFS	Government Financial Statistics	OP	Operational Plan
GRAP	General Recognised Accounting Practice	PMS	Performance Management System
HR	Human Resources	PPE	Property Plant and Equipment
HSRC	Human Science Research Council	SALGA	South African Local Government Association
IDP	Integrated Development Strategy	SDBIP	Service Delivery Budget Implementation Plan
IT	Information Technology	SMME	Small Micro and Medium Enterprises
LED	Local Economic Development		
MEC	Member of the Executive Committee		
MFMA	Municipal Financial Management Act		

Part 1- MAYORS FOREWORD

FOREWORD BY THE MAYOR



Cllr. B.B. Goya- His Worship the Mayor

Vision

“A developmental and responsive municipality”

Mission

“To promote sustainable development by ensuring service delivery in an equitable manner prioritizing community needs and good governance”.

Ingquza Hill Local Municipality Council in the first months of the first year of the five year term embarks on a planning for the next five years which is part of the long term planning as encouraged by the National Development Plan (NDP).

The session serves as a compass for the Council which will lead to the intended destination. The end product therefore becomes the Integrated Development Plan (IDP) which is reviewed in every 12 months in a mid-year strategic planning session. The Council develops the document over a period of 12 months which involves consultation with stakeholders, which includes government departments as the process is a cycle. Integrated Development Plan (IDP) is a strategic document guiding the municipality as to what is to be done, when, how, where, as informed by the people's inputs and contributions through Imbizos and other public participation platforms.

Through a partnership with Eastern Cape Socio Economic Consultative Council (ECSECC) we are moving towards implementing our mission to have attain a stage of long term planning which we call 2030 vision. This will assist the municipality in checking the relevance of its goals against the National Development Plan and other government initiatives on long term planning. As the municipality we are also going to intensify the ward based planning which will accelerate the community involvement.

The development of the strategic document is a mandatory core function of each and every municipality as guided by the Chapter 5, ss 23 to 37 of the Municipal Systems Act 32 of 2000. These sections stipulate the process which must be followed when developing and adopting a strategic document until its implementation. The IDP is also informed by section 24 (2) of the Municipal Finance Management Act (MFMA), Act 56 of 2003 that talks to the budget which must be approved before the start of each financial year.

This process includes the submission of the document to the MEC responsible for Cooperative Governance and Traditional Affairs and also the review and amendment of the document which must be followed to the latter. As Ingquza Hill Local Municipality we pride ourselves of being consistent in following the processes at all material times as our document is owned up by the communities and speak to the community demands or needs.

We must also raise that the EXCO outreach programmes wherein we report progress in a form of annual report adopted by the council are also used as a platform to enable communities to assess our performance and monitor progress in terms of our programmes which we pledged to do.

2019/20

We also embark on IDP and Budget roadshows every year to consult our people on the development of this document which is also made available for public comments before it is adopted by the end May every year. IDP is a document which also informs the budget and service delivery implementation plan which is our score card over which communities have to rate us on.

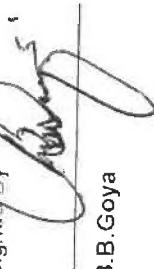
As I conclude, I wish to make a call to our communities to support our vision and mission towards development of our area of operations. My call is informed by the fact that we have low revenue that we collect.

As we speak our population is at three hundred thousand seven hundred and forty nine as per the 2016 Census statistics, whom we serve and have different interests but unfortunately we heavily rely on the national allocations and grants with specified scope. We therefore appeal to our communities to be patient and continuously look at the IDP documents so as to avoid tensions and demands which are outside the IDP document.

Lastly, we are trying our level best to spread the budget and programs to cover the majority of our population which is mainly youth and women and we hope this will yield positive results.

As a rural municipality we have to focus on agricultural development and ocean economy which does not need exportation of skills and large sums of financial muscle but needs dedication and commitment

Signed By



B.B.Goya

His Worship the Mayor

EXECUTIVE SUMMARY

Integrated Development Plan (IDP) – a five (5) year plan that gives an overall framework for quality service delivery plan. It is mainly aimed at coordinating the work of government in a coherent way plan to improve the quality of all people inhabiting an area. The plan focuses on socioeconomic for the area wholly.

Because of diversity in our everyday lives, the plan must be reviewed annually to check whether there are amendments and/or changes which can be effected on the original plan. Our municipality, guided by the Municipal Systems Act 32 of 2000, compiled such document which was done through IDP representative fora and various public participatory platforms like imbizos, roadshows

During the 2018/2019 Municipal Strategic Planning, many successes and challenges were tabled. The session discussed and evaluated ways by which challenges would be overcome and how the mentioned successes can be maintained and thus improve our operations. Our priority is ensuring service delivery does get to the people. They need to have access roads and such – maintained and/or new – and we must make it a priority that our communities have access to all government services. Albeit doing well in most specifics, we, however, need not be complacent.

As much as there are villages with clean water, it remains a challenge for many and their hopes rely on us. Our dream of clean water accessibility for all is still on and we will forge new avenues – through the District – to make it a point that we realize this dream.

We have a long-term vision termed vision 2035, which runs concurrently with national vision 2030. This is in no way saying we will rest in our laurels Annually we have plans that must be carried out. The needs of our people must always be at the forefront

Envisaged in this vision is the youth. There are platforms in place and we urge them to tap into the opportunities presented. Ingquza Hill has opportunities in ocean economy which, I believe, are untapped. They must fill that gap. We have a youth desk office in place which has a mandate of empowering youth with knowledge and more. Utilize it to its maximum capacity it is yours!

In summary this documents reflects the status of our area in so far as socio economic reflections, service delivery achievements and backlog that still need to be addressed.

Together with other government departments strategies are identified which should assist all department to align their plans with such strategies. The integrated approach resulted in a document that reflect synergy amongst government institution

Identified projects especially those that are within annual plan will assist in changing lives of our people and give hope that in community need continually be addressed during outer years.

Justice would have not been served if baseline risk assessment is now reflected so that communities are informed of risks surrounding service delivery. With the assistance of communities some of these risks can be avoided. However, there are mitigation measures in place to make sure that service delivery goals are achieved.

Mveliso Gqada

Mveliso Gqada.....

Acting Municipal Manager

PART 3 – ANNUAL BUDGET & SUPPORTING TABLES

1. INTRODUCTION AND BACKGROUND

The purpose of this report is for the Mayor to outline the fiscal budget and table it to the Council in 30 days before the start of the Financial Year.

Accounting Officer to:

- a) Submit the Final Budget of Ingquza Hill Local Municipality for 2019/2020 to National Treasury and the relevant Provincial Treasury within 10 days after it has been approved by the council, in both printed electronic form and it must be extracted from the financial system in 6.3 Version from MSCOA as per Budget Circular 94.
- b) Any other information relating to the Final Budget may be required by the National Treasury such as:

- Budget Quality Certificate.
- Budget Council resolution.
- Budget document
- Mayor's foreword

1.1.2. Legal Requirements:

Section 153 of the Constitution requires that ‘a municipality must structure and manage its Administration, Budgeting and Planning processes to give priority to the basic needs of the Community and to promote Social and Economic Development of the Community’.

The MFMA, together with the Municipal Systems Act (2000), aims to facilitate compliance with this Constitutional duty by ensuring that the municipalities’ priorities, plans, budget, implementation actions and reports are properly aligned.

- A Final Budget and supporting documentation of the municipality must be in the format specified in **Schedule A1** and include all the required tables, charts and explanatory information.
- The MFMA requires that the Mayor may table in the Municipal council a Final Budget in 14 days after the Council has tabled the budget.
- A Final Budget of the municipality must be appropriately funded and Section 28(5) of the Act requires that the supporting documentation to accompany a Final Budget must contain an explanation on how the Final Budget is funded. This will allow the municipality to ensure that a credible budget is compiled.

Section 21 A of the Municipal Systems Act requires that the Accounting Officer of the Municipality must:

- Place on the website the Final Budget after it has been approved by the council
- Within 10 working days after the municipal council has tabled a Final Budgets, the Municipal Manager must submit to the National Treasury and the relevant Provincial Treasury, in both printed and electronic form:
 - The Draft Service Delivery and Budget Implementation Plan.
 - Any other information as may be required by the National Treasury.
- A Final Budget must be approved together with the adoption of resolutions, approving any drafts to the Municipality’s Integrated Development Plan.
- MFMA circular 94 is used to guide municipalities with their compilation of the 2019/20 Revenue and Expenditure Framework (MTREF).

1.1.3. Overview of the Final Budget process:

- The 2018/19 mid-year performance assessment was conducted in February 2019 which formed the baseline of drafting the 2019/20 Operating and Capital Expenditure budget (both zero-based and incremental budgeting was used).
- The 2018/19 mid-year performance assessment was used to budget for own revenue and conditional grants was based on the 2019/20 DORA issued in March 2019.
- The 2019/20 Annual Budget for Expenditures and Revenues was conducted in May 2019 in consultation with Circular 94, DORA, CPI and Bargaining Council Agreement.
- The 2019/20 Revenue Budget is determined by Consumer Price Index (CPI) inflation which is forecasted to be within the upper limit of 3 to 6 per cent target band, therefore Ingquza Hill Local Municipality is required to justify all revenue increases by 3% because it has a low revenue collection rate and is based in rural areas.

- The Annual Final Budget & IDP for 2019/20 is therefore tabled within the deadlines as stipulated by legislation and Act.
- The MFMA requires the Municipal Manager to publicize the budget, relevant supporting documents and any other information that the council deem as appropriate. The supporting documentation includes:
 - Summary of the Annual Final Budget and supporting documentation in alternate languages predominant in the community.
 - Information relevant to each ward in the municipality, if that ward is affected by the Final Budget in terms of maintenance or some reason of uncompleted project.

2. REVENUE AND EXPENDITURE BUDGET

EC153 Ngquza Hills - Table A4 Budgeted Financial Performance (revenue and expenditure)

R thousand	Description	Ref	2015/16		2016/17		2017/18		Current Year 2018/19			2019/20 Medium Term Revenue & Expenditure Framework		
			Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2019/20	Budget Year +1 2020/21	Budget Year +2 2021/22			
Revenue By Source														
Property rates	2	19,667	21,368	21,541	28,628	28,628	28,628	28,628	44,942	47,085	49,627			
Service charges - electricity revenue	2	-	-	-	-	-	-	-	-	-	-			
Service charges - water revenue	2	922	1,119	1,135	-	-	-	-	-	-	-			
Service charges - sanitation revenue	2	-	-	-	-	-	-	-	-	-	-			
Service charges - refuse revenue	2	-	-	-	1,286	1,286	1,286	1,286	1,312	1,383	1,458			
Rental of facilities and equipment	18	12	12	12	1,482	1,482	1,482	1,482	1,562	1,646	1,735			
Interest earned - external investments	6,405	7,953	7,816	41,099	70,543	70,543	70,543	70,543	42,538	44,835	47,256			
Interest earned - outstanding debtors	1,452	1,898	-	-	-	-	-	-	-	-	-			

Dividends received	-	-	-	-	-	-	-	-	-	-	-
Fines, penalties and forfeits	1,111	1,315	2,243	364	214	214	214	385	406	428	
Licences and permits	-	-	-	138	100	100	100	145	153	162	
Agency services	2,918	2,969	3,376	5,934	3,567	3,567	4,260	4,490	4,490	4,732	
Transfers and subsidies	205,725	200,211	218,568	231,918	231,718	231,718	261,766	275,901	275,901	290,800	
Other revenue	2	2,387	1,483	8,678	4,939	5,458	5,458	6,339	6,681	7,042	
Gains on disposal of PPE	-	-	-	-	-	-	-	1,200	1,265	1,333	
Total Revenue (excluding capital transfers and contributions)	240,605	238,327	263,370	315,789	342,996	342,996	342,996	364,449	383,846	404,573	
Expenditure By Type	-	-	-	-	-	-	-	-	-	-	
Employee related costs	2	83,579	91,911	111,198	143,497	143,497	143,497	151,969	162,454	173,258	
Remuneration of councillors	17,825	18,984	21,600	22,954	22,954	22,954	21,600	24,791	26,501	28,264	
Debt impairment	3	5,472	5,581	-	9,000	9,000	9,000	-	-	-	
Depreciation & asset impairment	2	36,136	40,333	41,846	41,000	50,000	50,000	-	-	-	
Finance charges	578	388	468	1,173	1,173	1,173	1,173	920	970	1,022	
Bulk purchases	2	-	-	-	-	-	-	-	-	-	
Other materials	8	15,166	17,644	7,830	14,472	16,532	16,532	5,462	5,757	6,068	
Contracted services	-	-	-	-	2,120	2,700	2,700	45,072	47,506	50,071	
Transfers and subsidies	⁴ 5	48,463	73,939	105,493	72,408	63,441	63,441	78,206	82,475	86,968	
Other expenditure	-	-	1,711	-	-	-	-	-	-	-	
Loss on disposal of PPE	207,218	248,781	290,146	310,625	313,298	313,298	311,943	307,920	327,245	347,318	
Surplus/(Deficit)	33,387	(10,453)	(26,776)	5,164	29,699	29,699	31,053	56,529	56,601	57,255	

Transfers and subsidies - capital (monetary allocations) (National / Provincial and District)	68,217	61,832	67,447	79,326	79,326	79,326	103,158	108,729	114,600
Transfers and subsidies - capital (monetary allocations) (National / Provincial Departmental Agencies, Households, Non-profit Institutions, Private Enterprises, Public Corporations, Higher Educational Institutions)	6 –	–	–	–	–	–	–	–	–
Transfers and subsidies - capital (in-kind - all)	–	–	–	–	–	–	–	–	–
Surplus/(Deficit) after capital transfers & contributions	101,604	51,379	40,671	84,490	109,025	109,025	110,379	159,687	165,330
Taxation	–	–	–	–	–	–	–	–	–
Surplus/(Deficit) after taxation	101,604	51,379	40,671	84,490	109,025	109,025	110,379	159,687	165,330
Attributable to minorities	–	–	–	–	–	–	–	–	–
Surplus/(Deficit) attributable to municipality	101,604	51,379	40,671	84,490	109,025	109,025	110,379	159,687	165,330
Share of surplus/ (deficit) of associate	7 –	–	–	–	–	–	–	–	–
Surplus/(Deficit) for the year	101,604	51,379	40,671	84,490	109,025	109,025	110,379	159,687	165,330
									171,855

2.1 Funding of budget

- Council's main source of income is Government Grants.
- The Final Budget municipal revenue Transfers is **R364 924 000,00** in total and the own revenue original budget is **R102 682 988** which makes the total budget of **R467 606 988**. The Grants are as follows as per DORA allocation:

- Equitable share R257 385 000
- Financial Management Grant R1 700 000
- Expanded Public Works Programme R1 407 000
- Library services R774 000
- LG Seta R500 000
- Electrification R3 182 000

- Small Town Revitalization R45 470 000
- Municipal Infrastructure Grant R54 506 000
- Although there is a decrease in INEP and MiG, there is an increase in total transfers and subsidies in 2019/20 of R53 839 000 (2018/19 R 311 085 000 and 2019/20 R364 924 000). The increase is as a result of small town revitalization grant that has increased from R5000 000 in 2018/19 to R45 470 000 in 2019/20 financial year.
- The municipality does not charge interest on debtors as per council resolution because the rate payers need to pay their existing and long overdue debts first and some are disputing the current balances that they have. However, the CFO and the AO has requested council to consider resolving to write-off debts that are due more than 120 days and for those properties whose owners cannot be traced/ found.
- Transfers & subsidies have increased compared to 2018/19 from R311 085 000 to R364 924 000 in 2019/20 because of the increase in allocations such as EPWP, Small Town Revitalization and Equitable share.
- The tariffs for refuse charges (residential and business), property rates (Residential and business) and business licenses (Formal & Informal) have increased by 3%. Pound, cemeteries, sports field, advertising, leases, plan fees and servitudes, plan fines, land use application fees, miscellaneous fees, public notices and copies of planning documents have increased by 5.4% as gazetted. See annexure 1 for reference.
- There is an increase of 36.3% in property rates levies because the current valuation roll shows an increase in the value of some properties and we have done data cleansing to remove households that are not indigent in the indigent register and we plan on implementing thoroughly our revenue enhancement strategies to increase the collection rate on properties and there is a resolution to give 20% rebate on long overdue debts which will increase the collection rate.

2.2 Revenue enhancement strategies

Our revenue enhancement strategies include amongst others,

- the appointment of a debt collector,
- calling in the rate payers to sign payment arrangements and offer discounts on long overdue debts,
- on time door to door delivery of monthly statements,
- creating a good relationship with stakeholders through constant consultation and
- we are currently implementing data cleansing on the system (personal information including contact details) of debtors.

2.3 Expenditure

2.3.1 Operating Expenditure:

- The operating expenditure is as follows:
 - Employee Costs R154 976 683 – The A1 schedule shows an amount of R151 968 636 because the national treasury's mapping has moved SDL, Workmen's compensation and Membership to professional bodies to general expenditure. That is an error that they acknowledged and plan to rectify in the next budget cycle.
 - Remuneration of councilors R24 790 631.
 - General expenditure R108 319 240.36
 - Repairs and maintenance R19 833 578 – This will be shown in table SA34c in the schedule because A4 has mapped all the repairs and maintenance that are contracted to contracted services item, hence it shows an amount of R5 462 400.
 - Councilors' salaries and allowances were based on the Government Gazette Determination of Earnings Threshold.
 - Ingquza Hill LM has used the Collective agreement on salaries –South African Local Government Bargaining Council (SALGBC) CPI 6.4% + 1% as a guideline to budgeting for Employee costs and the increase is as a result of the vacant posts that will be filled in the 2019/20 financial year.
 - Repairs and maintenance shows an increase of 16% in 2019/20 because the municipality plans on acquiring new transport assets and plant in the next financial year in addition to the assets that we have acquired in the current financial year-2018/19.

2.3.2 Capital Expenditure

EC153 Ngquza Hills - Table A5 Budgeted Capital Expenditure by vote, functional classification and funding

	Vote Description	Ref	2015/16	2016/17	2017/18	Current Year 2018/19	2019/20 Medium Term Revenue & Expenditure Framework							
							Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2019/20	Budget Year +1 2020/21
R thousand		1												
	Capital expenditure - Municipal Vote													
	Multi-year expenditure appropriation	2												

Vote 3 - ECONOMIC AND ENVIRONMENTAL SERVICES	-	56,732	132,850	83,847	104,867	104,867	104,867	110,800	116,783	123,090
3.1 - PLANNING AND DEVELOPMENT	-	13,285	1,285	-	-	-	-	-	-	-
3.2 - ROADS TRANSPORT	-	43,447	131,565	83,847	104,867	104,867	104,867	110,800	116,783	123,090
Vote 4 - TRADING SERVICES	-	-	-	-	28,000	28,200	28,200	28,200	20,002	21,083
4.1 - ENERGY SOURCES	-	-	-	-	28,000	28,200	28,200	28,200	20,002	22,221
Vote 5 - Solid Waste Removal	99,445	-	-	-	-	-	-	-	21,083	22,221
5.1 - Solid Waste Removal	99,445	-	-	-	-	-	-	-	-	-
Vote 6 - NULL	-	-	-	-	-	-	-	-	-	-
Vote 7 - NULL	-	-	-	-	-	-	-	-	-	-
Vote 8 - NULL	-	-	-	-	-	-	-	-	-	-
Vote 9 - NULL	-	-	-	-	-	-	-	-	-	-
Vote 10 - NULL	-	-	-	-	-	-	-	-	-	-
Vote 11 - NULL	-	-	-	-	-	-	-	-	-	-
Vote 12 - NULL	-	-	-	-	-	-	-	-	-	-
Vote 13 - NULL	-	-	-	-	-	-	-	-	-	-
Vote 14 - NULL	-	-	-	-	-	-	-	-	-	-
Vote 15 - NULL	-	-	-	-	-	-	-	-	-	-
Capital single-year expenditure sub-total	104,529	99,688	137,241	134,489	158,956	158,956	158,956	159,418	168,026	177,100
Total Capital Expenditure	104,529	99,688	137,241	134,489	158,956	158,956	158,956	159,418	168,026	177,100

- Capital projects are budgeted for by taking into consideration community needs that are identified through community and stakeholders engagement meetings and through National, district and Council's priorities.

4. BUDGET SUMMARY DOCUMENT

EC153 Ngquza Hills - Table A1 Budget Summary

Description		2015/16			2016/17			2017/18			Current Year 2018/19			2019/20 Medium Term Revenue Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2019/20	Budget Year +1 2020/21	Budget Year 2020/21	Budget Year +1 2020/21	Budget Year 2020/21	Budget Year +1 2020/21	Budget Year 2020/21	
R thousands																
Financial Performance																
Property rates	19,667	21,368	21,541	28,628	28,628	28,628	28,628	44,942	47,085	49,6;						
Service charges	922	1,119	1,135	1,286	1,286	1,286	1,286	1,312	1,383	1,45;						
Investment revenue	6,405	7,953	7,816	41,099	70,543	70,543	70,543	42,538	44,835	47,2!						
Transfers recognised - operational	205,725	200,211	218,568	231,918	231,718	231,718	231,718	261,766	275,901	290,;						
Other own revenue	7,887	7,676	14,310	12,858	10,821	10,821	10,821	13,892	14,642	15,4;						
Total Revenue (excluding capital transfers and contributions)	240,605	238,327	263,370	315,789	342,996	342,996	342,996	364,449	383,846	404,;						
Employee costs	83,579	91,911	111,198	143,497	143,497	143,497	143,497	151,969	162,454	173,;						
Remuneration of councillors	17,825	18,984	21,600	22,954	22,954	22,954	22,954	21,600	24,791	26,501	28,26					
Depreciation & asset impairment	36,136	40,333	41,846	41,000	50,000	50,000	50,000	50,000	-	-	-					
Finance charges	578	388	468	1,173	1,173	1,173	1,173	1,173	920	970	1,02,					
Materials and bulk purchases	15,166	17,644	7,830	14,472	16,532	16,532	16,532	5,462	5,757	6,06;						
Transfers and grants	-	-	-	4,000	4,000	4,000	4,000	4,000	1,500	1,581	1,66;					
Other expenditure	53,935	79,520	107,204	83,528	75,141	75,141	75,141	75,141	123,279	129,981	137,;					
Total Expenditure	207,218	248,781	290,146	310,625	313,298	313,298	313,298	311,943	307,920	327,245	347,;					
Surplus/(Deficit)	33,387	(10,453)	(26,776)	5,164	29,699	29,699	31,053	56,529	56,601	57,25						
Transfers and subsidies - capital (monetary allocations) (National / Provincial and District)	68,217	61,832	67,447	79,326	79,326	79,326	79,326	103,158	108,729	114,;						

Contributions recognised - capital & contributed assets	-	-	-	-	-	-	-	-	-	-
Surplus/(Deficit) after capital transfers & contributions	101,604	51,379	40,671	84,490	109,025	110,379	159,687	165,330	171,{	-
Share of surplus/ (deficit) of associate	-	-	-	-	-	-	-	-	-	-
Surplus/(Deficit) for the year	101,604	51,379	40,671	84,490	109,025	110,379	159,687	165,330	171,{	-
Capital expenditure & funds sources										
Capital expenditure	104,529	99,688	137,241	134,489	158,956	158,956	159,418	168,026	177,{	-
Transfers recognised - capital	104,529	99,688	131,565	79,326	79,326	79,326	143,010	121,308	113,{	-
Borrowing										
Internally generated funds	-	-	5,675	55,163	79,630	79,630	16,408	46,718	63,9{	-
Total sources of capital funds	104,529	99,688	137,241	134,489	158,956	158,956	159,418	168,026	177,{	-
Financial position										
Total current assets	115,243	129,838	171,098	297,082	460,135	460,135	163,053	171,858	181,{	-
Total non current assets	958,389	994,205	1,003,047	1,047,066	2,050,113	2,050,113	2,050,113	1,007,817	1,062,239	1,12{(
Total current liabilities	41,861	39,641	49,089	61,409	108,338	108,338	46,928	49,462	52,1{	-
Total non current liabilities	11,293	11,444	11,608	7,056	18,806	18,806	11,750	12,385	13,0{	-
Community wealth/Equity	1,020,478	1,072,958	1,113,448	1,275,683	2,383,104	2,383,104	1,112,192	1,172,250	1,23{	-
Cash flows										
Net cash from (used) operating	76,674	47,977	120,979	134,490	159,225	159,225	158,487	164,065	170,{	-
Net cash from (used) investing	(40,516)	(69,281)	(93,140)	(125,063)	(150,119)	(150,119)	(158,218)	(166,761)	(175,	-
Net cash from (used) financing	(292)	(292)	(195)	(1,294)	(1,294)	(1,294)	(1,294)	-	-	-
Cash/cash equivalents at the year end	55,454	51,559	79,203	126,565	206,104	206,104	269	(2,428)	(7,67	-

<u>Cash backlog/surplus reconciliation</u>													
Cash and investments available	513,120	491,376	474,024	601,132	1,075,105	1,075,105	480,447	506,391	534, ⁴				
Application of cash and investments	17,175	(25,871)	(31,196)	(133,343)	(160,894)	(160,894)	(26,248)	(27,666)	(29,1				
Balance - surplus (shortfall)	495,945	517,247	505,220	734,475	1,235,999	1,235,999	506,695	534,057	563,⁴				
Asset management													
Asset register summary (WDV)	-	-	-	-	-	-	-	-	-				
Depreciation	36,136	40,333	41,846	41,000	50,000	50,000	50,000	50,000	-				
Renewal and Upgrading of Existing Assets	-	-	2,800	-	4,401	-	-	-					
Repairs and Maintenance	15,166	17,644	7,246	14,472	14,097	13,897	13,897	19,706	20,770	21,8 ⁵			

- The Income was reported to be = R467 606 988 (All allocations and own revenue)
 - Employee Costs = R 154 976 683
 - Remuneration of councilors= R24 790 631
 - Repairs = R 19 833 578
 - Gross Expenditure = R 108 319 240.36
 - Our capital budget will be funded by transfers from National Government and our own revenue.
 - Our budget is fully funded. Ref: SA10
 - The outer years have been increased by 5.4% in 2020/21 and 2021/22

5. BUDGET RECOMMENDATIONS

- We recommend that the budget implementation be done according to the IDP, SDBIP and procurement plan to avoid unauthorized and irregular expenditure.
- The advert to be done in time to also cater for the re-advertisements due to non-response of bidders.
- The advert for the projects that are funded by conditional grants should be done by June of the current year so that we can appoint before the new financial year commences to avoid under spending on grants that will result in the grant being taken or reduced by Treasury.
- Finance department to Prepare monthly budget statements and be submit to departments so that they can be able to track variances and implement mitigation measures where necessary.
- The municipality to implement all the revenue enhancement strategies mentioned.
- We recommend that the IDP be prepared earlier so that the budget be done according to the projects in the IDP.
- The strategic planning and policy review be done prior to budget preparation so that we can take into account the council resolution such as new post.

6. MSCOA & SYSTEM CHALLENGES

- Asset register module is not yet functional

Remedial: A delegation was sent to the system vendors head office (Munsoft) to resolve the issues

- Interface Munsoft and Payday is still done manual resulting in differences in personnel balances.

Remedial: A dedicated team is working on integrating the two systems

- MBRR Schedules (A, B&C) cannot be extracted from the MSCOA municipal financial system.

Remedial: A delegation was also sent to Munsoft for alignment of accounts.

- No formal training was done by our system vendors to the staff

Remedial: The municipality will organize a training for every end-user to be done by Munsoft.

- The system vendor has got challenges in extracting A6 & A9 in A1 schedule from their system

Remedial: The issue has been reported to treasury so that they can deal with the system vendor.

PART 4- QUALITY CERTIFICATE

Municipal manager's quality certificate

I, Myeliso Gonda, As the municipal manager of Ingquza Hill Local Municipality, hereby certify that the Final budget and supporting documentation have been prepared in accordance with the Municipal Finance Management Act and the regulations made under the Act, and that the annual budget and supporting documents are consistent with the Integrated Development Plan of the municipality.

Print Name	<u>Myeliso Gonda</u>
Municipal manager of Ingquza Hill Local Municipality	
Signature	<u>Myeliso Gonda</u>
Date	<u>7/05/2019</u>

PART 5- ANNEXURES

5.1 Tariffs

5.2 Budget Policies

5.3 Asset Register

5.4 Schedule of Service Delivery Table